

October 13, 2000

Legislative Audit Commission
622 Stratton Office Building
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General through the lapse period of Fiscal Year 2000, which ended August 31, 2000, and the first quarter of Fiscal Year 2001, which ended September 30, 2000.

FISCAL MATTERS

<i>FY 2000 – FINAL</i>			
	<i>Appropriation</i>	<i>Expended</i>	<i>Balance</i>
Personal Services	\$ 3,344,900	\$ 3,229,855	\$ 115,045
Employee Retire. (Employer)	134,000	123,167	10,833
State Retirement	328,000	313,852	14,148
Social Security	252,000	238,448	13,552
Contractual Services	591,700	575,879	15,821
Travel	110,000	77,490	32,510
Commodities	17,300	11,012	6,288
Printing	16,500	15,609	891
Equipment	93,200	89,170	4,030
EDP	125,000	123,885	1,115
Telecommunications	81,000	53,065	27,935
Oper. of Auto. Equip.	5,000	2,506	2,494
Audits/Studies/Invest.*	<u>12,262,100</u>	<u>10,724,149</u>	<u>1,537,951</u>
TOTAL	<u>\$17,360,700</u>	<u>\$15,578,087</u>	<u>\$1,782,613</u>
*Audit Expense Fund			

FISCAL MATTERS

<i>FY 2001 – FIRST QUARTER</i>				
	<i>Appropriation</i>	<i>Expended</i>	<i>Obligated</i>	<i>Balance</i>
Personal Services	\$ 3,622,617	\$ 708,596	\$ 0	\$ 2,914,021
Employee Retire. (Employer)	144,905	26,586	0	118,319
State Retirement	360,233	70,480	0	289,753
Social Security	277,130	53,043	0	224,087
Contractual Services	558,645	122,383	293,495	142,767
Travel	100,000	25,797	0	74,203
Commodities	25,000	1,983	383	22,634
Printing	20,000	4,412	5,345	10,243
Equipment	35,000	5,566	0	29,434
EDP	120,000	19,854	0	100,146
Telecommunications	85,000	9,211	0	75,789
Oper. of Auto. Equip.	5,000	101	0	4,899
Audits/Studies/Invest.*	<u>11,987,250</u>	<u>357,230</u>	<u>7,002,712</u>	<u>4,627,308</u>
TOTAL	<u>\$17,340,780</u>	<u>\$1,405,242</u>	<u>\$7,301,935</u>	<u>\$8,633,603</u>
*Audit Expense Fund				

PERSONNEL

	<i><u>07-01-00</u></i>	<i><u>Appointments</u></i>	<i><u>Separations</u></i>	<i><u>Transfers</u></i>	<i><u>09-30-00</u></i>
Springfield	66	4	3	0	67
Chicago	<u>09</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>09</u>
TOTAL	<u>75</u>	<u>4</u>	<u>3</u>	<u>0</u>	<u>76</u>

CONTRACTS

During the first quarter of Fiscal Year 2001 the Office of the Auditor General entered into twenty-three administrative contracts, one hundred thirty financial/compliance audit contracts and fifteen information systems contracts.

TRAINING

Training for the first quarter of Fiscal Year 2001 included Accounting and Auditing Updates, Basic Auditor Training, Computer Fraud, COSO Internal Control Framework, Government Auditing Standards for Performance Auditing, Microfiche training, Microsoft Access training, and Time Management. Additional external training that staff participated in includes GASB Statement No. 34, the Illinois CPA Society's Business and Technology Show, Local Government Accounting, National Conference of State Legislatures Annual Conference, National State Auditors' Association's combined Middle Management and Information Technology Conferences, National State Auditors' Association's Training Director's Forum, and Performance Auditing: Process and Planning.

PERFORMANCE AUDITS

<i>PERFORMANCE AUDITS IN PROGRESS</i>

<i>AUDITS</i>	<i>ESTIMATED RELEASE DATE</i>
<ul style="list-style-type: none">• Compliance and Management Audit of Chicago's Airports (PA 89-386)• Program Audit of DHS Office of Inspector General (PA 91-169)• Management Audit of Agencies Funding Regional Offices of Education (LAC No. 118)• Management Audit of Health Facilities Planning Board (PA 91-0782)• Management Audit of IEPA's Vehicle Emission Testing Program (LAC No. 119)	<p>Unknown</p> <p>Winter 2000</p> <p>Spring 2001</p> <p>Summer 2001</p> <p>Spring/Summer 2001</p>

FINANCIAL & COMPLIANCE AUDITS

The following is a listing of financial and compliance audits for the period ending June 30, 1999. As the year progresses the “date released” column will be completed.

<i>FINANCIAL & COMPLIANCE AUDITS FOR THE PERIOD ENDING JUNE 30, 1999</i>

F = Financial

C = Compliance

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Alton Mental Health Center		x	04-06-00
Arts Council and Foundation	x	x	02-24-00
Attorney General	x	x	09-07-00
Attorney Registration and Disciplinary Commission	x	x	06-21-00
Board of Admissions to the Bar	x	x	06-21-00
Board of Higher Education	x	x	03-02-00
Bureau of the Budget	x	x	02-24-00
Capital Development Board	x		02-16-00
Center for Rehabilitation and Education		x	04-06-00
Chester Mental Health Center		x	04-06-00
Chicago Read Developmental Center		x	04-06-00
Chicago State University	x	x	04-20-00
Chicago State University Foundation	x	x	04-20-00
Choate Mental Health Center		x	04-06-00
Civil Service Commission	x	x	04-12-00
Commission on Intergovernmental Cooperation		x	03-15-00
Comptroller - Fiscal Officer	x	x	04-20-00
Conservation Foundation	x	x	03-02-00
Correctional Industries	x		03-15-00
Corrections - General Office	x	x	03-15-00
Court of Claims	x	x	03-09-00
Criminal Justice Information Authority	x	x	03-09-00

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
DCMS – Deferred Compensation Plan	x		08-02-00
Deaf and Hard of Hearing Commission		x	03-09-00
Department of Agriculture	x	x	03-23-00
Department of Central Management Services	x		02-16-00
Department of Children and Family Services	x	x	02-16-00
Department of Commerce and Community Affairs	x	x	02-16-00
Department of Employment Security	x	x	04-20-00
Department of Human Rights	x		08-02-00
Department of Human Services – Central Office	x	x	03-29-00
Department of Insurance	x	x	02-16-00
Department of Labor		x	02-24-00
Department of Lottery	x	x	02-16-00
Department of Natural Resources	x	x	03-02-00
Department of Nuclear Safety	x	x	03-02-00
Department of Professional Regulation	x	x	02-24-00
Department of Public Aid	x	x	03-15-00
Department of Public Health	x	x	04-12-00
Department of Revenue	x	x	03-29-00
Department of Transportation	x	x	03-23-00
Department of Veterans Affairs – Central Office	x	x	03-23-00
Department on Aging	x	x	02-16-00
Development Finance Authority	x	x	03-21-00
Distance Learning Foundation	x	x	04-20-00
Drycleaner Environmental Response Trust Fund Council	x	x	06-21-00
DuQuoin State Fair	x	x	09-07-00
Eastern Illinois University	x	x	03-29-00
Eastern Illinois University Alumni Association	x	x	06-21-00
Eastern Illinois University Foundation	x	x	03-29-00
Economic and Fiscal Commission		x	03-15-00
Educational Facilities Authority	x	x	03-21-00

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Educational Labor Relations Board	x	x	02-24-00
Elgin Mental Health Center		x	04-06-00
Emergency Management Agency	x	x	03-29-00
Environmental Protection Agency	x	x	03-09-00
EPA Trust Fund Commission	x	x	03-09-00
Farm Development Authority	x	x	03-21-00
Fox Developmental Center		x	04-06-00
Gaming Board	x	x	03-29-00
General Assembly – House		x	03-15-00
General Assembly – Senate		x	03-15-00
General Assembly Retirement System	x	x	02-03-00
Governors Commission on the Status of Women		x	03-23-00
Governors State University	x	x	03-29-00
Governors State University Alumni Association	x	x	03-29-00
Governors State University Foundation	x	x	03-29-00
Grain Insurance Corporation	x	x	03-23-00
Guardianship and Advocacy Commission	x	x	02-24-00
Health Facilities Authority	x	x	03-21-00
High School Association	x	x	04-12-00
Historic Preservation Agency	x	x	03-09-00
Housing Development Authority	x	x	03-21-00
Howe Developmental Center		x	04-06-00
Human Rights Commission	x	x	06-21-00
Illinois Building Commission		x	04-12-00
Illinois Commerce Commission	x	x	03-02-00
Illinois Community College Board	x	x	03-02-00
Illinois Conservation Foundation	x	x	03-02-00
Illinois Math and Science Academy	x	x	03-09-00
Illinois State Fair	x	x	09-07-00
Illinois State Police	x	x	03-23-00

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Illinois State University	x	x	03-23-00
Illinois State University Foundation	x		02-09-00
Illinois Student Assistance Commission	x	x	03-23-00
IMSA Fund	x	x	03-09-00
Industrial Commission	x	x	08-02-00
Jacksonville Developmental Center		x	04-06-00
Judges Retirement System	x	x	02-03-00
Kankakee River Valley Area Airport Authority	x	x	06-21-00
Kiley Developmental Center		x	04-06-00
Law Enforcement Training and Standards Board	x	x	03-09-00
Legislative Audit Commission		x	03-15-00
Legislative Printing Unit		x	03-15-00
Legislative Reference Bureau		x	03-15-00
Legislative Research Unit		x	03-15-00
Lincoln Developmental Center		x	04-06-00
Literacy Foundation	x	x	04-20-00
Ludeman Developmental Center		x	04-06-00
Mabley Developmental Center		x	04-06-00
Madden Mental Health Center		x	04-06-00
Marriage Divisions of the IL Courts		x	04-12-00
McFarland Mental Health Center		x	04-06-00
Metro. Pier and Exposition Authority		x	06-21-00
Murray Developmental Center		x	04-06-00
Northeastern Illinois University	x	x	04-20-00
Northeastern Illinois University Foundation	x	x	04-20-00
Northern Illinois University	x	x	03-21-00
Northern Illinois University Foundation	x		02-09-00
Office of the Governor	x	x	04-20-00
Office of the Lieutenant Governor	x	x	04-20-00
Pension Laws Commission		x	03-15-00

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Planning Council on Developmental Disabilities	x	x	02-24-00
Public School Teacher's Pension & Ret. Fund of Chicago		x	04-12-00
Prairieland Energy, Inc.	x	x	02-09-00
Prairie State 2000 Authority	x	x	08-02-00
Rural Bond Bank	x	x	03-21-00
School for the Deaf		x	04-06-00
School for the Visually Impaired		x	04-06-00
Secretary of State	x	x	03-23-00
Shapiro Developmental Center		x	04-06-00
Singer Developmental Center		x	04-06-00
Southern Illinois University	x	x	03-21-00
Southern Illinois University Carbondale – Alumni Assoc.	x	x	03-21-00
Southern Illinois University Carbondale – Foundation	x	x	03-21-00
Southern Illinois University Edwardsville – Alumni Assoc.	x	x	03-21-00
Southern Illinois University Edwardsville – Foundation	x	x	03-21-00
Southern Illinois University Physicians and Surgeons	x	x	03-21-00
Southern Illinois University – University Park	x	x	03-21-00
Space Needs Commission		x	03-15-00
State Appellate Defender	x	x	03-02-00
State Board of Education	x	x	03-02-00
State Board of Elections		x	02-24-00
State Board of Investment	x	x	02-03-00
State Employees Retirement System	x	x	02-03-00
State and Local Labor Relations Board		x	02-24-00
State Universities Retirement System	x	x	02-03-00
State's Attorneys Appellate Prosecutor	x	x	03-02-00
Summer School for the Arts	x	x	03-09-00
Supreme Court	x	x	04-12-00
Teachers Retirement System	x	x	02-03-00
Tinley Park Mental Health Center		x	04-06-00

FINANCIAL & COMPLIANCE AUDITS (*Continued*)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Toll Highway Authority	x	x	08-02-00
Treasurer – Fiscal Officer	x	x	04-20-00
Treasurer – Illinois Funds	x		02-09-00
Treasurer – Non-fiscal officer	x	x	04-20-00
UIHMO, Inc.	x	x	08-02-00
Universities Civil Service Commission	x	x	04-12-00
University of Illinois	x	x	03-02-00
University of Illinois Alumni Association	x		02-09-00
University of Illinois Foundation	x		02-09-00
Western Illinois University	x	x	03-09-00
Western Illinois University Foundation	x	x	03-09-00
Zeller Mental Health Center		x	04-06-00

FINANCIAL & COMPLIANCE AUDITS

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<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Attorney General			
Capital Development Board			
Chicago State University			
Chicago State University Foundation			
Comptroller – Fiscal Officer			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Comptroller – Non-Fiscal Officer			
Department on Aging			
Department of Agriculture (DuQuoin Fair)			
Department of Agriculture (IL State Fair)			
Department of Central Management Services			
Department of Central Management Services (Deferred Compensation Plan)			
Department of Children and Family Services			
Department of Commerce and Community Affairs			
Department of Corrections – General Office			
Dept.of Corrections, Correctional Center - <i>Big Muddy River</i>			
Dept. of Corrections, Correctional Center - <i>Centralia</i>			
Dept. of Corrections, Correctional Center - <i>Danville</i>			
Dept. of Corrections, Correctional Center - <i>Decatur Womens</i>			
Dept. of Corrections, Correctional Center - <i>Dixon</i>			
Dept. of Corrections, Correctional Center - <i>Dwight</i>			
Dept. of Corrections, Correctional Center - <i>East Moline</i>			
Dept. of Corrections, Correctional Center - <i>Graham</i>			
Dept. of Corrections, Correctional Center - <i>Hill</i>			
Dept. of Corrections, Correctional Center - <i>IL River (Canton)</i>			
Dept. of Corrections, Correctional Center - <i>Jacksonville</i>			
Dept. of Corrections, Correctional Center - <i>Joliet</i>			
Dept. of Corrections, Correctional Center - <i>Lincoln</i>			
Dept. of Corrections, Correctional Center - <i>Logan</i>			
Dept. of Corrections, Correctional Center - <i>Menard</i>			
Dept. of Corrections, Correctional Center - <i>Pinckneyville</i>			
Dept. of Corrections, Correctional Center - <i>Pontiac</i>			
Dept. of Corrections, Correctional Center - <i>Robinson</i>			
Dept. of Corrections, Correctional Center - <i>Shawnee</i>			
Dept. of Corrections, Correctional Center - <i>Sheridan</i>			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Dept. of Corrections, Correctional Center - <i>Southwestern IL</i>			
Dept. of Corrections, Correctional Center - <i>Stateville</i>			
Dept. of Corrections, Correctional Center - <i>Tamms</i>			
Dept. of Corrections, Correctional Center - <i>Taylorville</i>			
Dept. of Corrections, Correctional Center - <i>Vandalia</i>			
Dept. of Corrections, Correctional Center - <i>Vienna</i>			
Dept. of Corrections, Correctional Center - <i>Western Illinois</i>			
Department of Corrections, Correctional Industries			
Dept. of Corrections, IL Youth Center – <i>Chicago</i>			
Dept. of Corrections, IL Youth Center – <i>Harrisburg</i>			
Dept. of Corrections, IL Youth Center – <i>Joliet</i>			
Dept. of Corrections, IL Youth Center – <i>Murphysboro</i>			
Dept. of Corrections, IL Youth Center – <i>Pere Marquette</i>			
Dept. of Corrections, IL Youth Center – <i>St. Charles</i>			
Dept. of Corrections, IL Youth Center – <i>Valley View</i>			
Dept. of Corrections, IL Youth Center – <i>Warrenville</i>			
Department of Employment Security			
Department of Financial Institutions			
Department of Human Services			
Department of the Lottery			
Department of Military Affairs			
Department of Natural Resources			
Department of Public Aid			
Department of Revenue			
Department of State Police			
Department of Transportation			
Department of Veterans' Affairs - General Office			
Drycleaner Environmental Response Trust Fund Council			
East St. Louis Financial Advisory Authority			
Eastern Illinois University			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Eastern Illinois University Alumni Association			
Eastern Illinois University Foundation			
Environmental Protection Agency			
General Assembly – Retirement System			
Governors State University			
Governors State University Alumni Association			
Governors State University Foundation			
Health Care Cost Containment Council			
Historic Preservation Agency			
Illinois Community College Board			
Illinois Community College System Foundation			
Illinois Conservation Foundation			
Illinois Development Finance Authority			
Illinois Farm Development Authority			
Illinois Health Facilities Authority			
Illinois Housing Development Authority			
Illinois Mathematics and Science Academy			
Illinois Mathematics and Science Academy Fund			
Illinois Medical District Commission			
Illinois Racing Board			
Illinois Rural Bond Bank			
Illinois State Board of Investment			
Illinois State Toll Highway Authority			
Illinois State University			
Illinois State University Foundation			
Illinois Student Assistance Commission			
Illinois Veterans' Home – Anna			
Illinois Veterans' Home – LaSalle			
Illinois Veterans' Home – Manteno			
Illinois Veterans' Home – Quincy			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Illinois Violence Prevention Authority			
Industrial Commission – Self Insurer’s Fund			
Joint Committee on Administrative Rules			
Judges Retirement System			
Judicial Inquiry Board			
Kankakee River Valley Area Airport Authority			
Law Enforcement Training Standards Board			
Legislative Information System			
Liquor Control Commission			
Northeastern Illinois University			
Northeastern Illinois University Foundation			
Northern Illinois University			
Northern Illinois University Alumni Association			
Northern Illinois University Foundation			
Office of Banks and Real Estate			
Petroleum Resources Board			
Pollution Control Board			
Prairie State 2000 Authority			
Prisoner Review Board			
Property Tax Appeal Board			
Secretary of State			
Sex Offender Management Board			
Southern IL University			
Southern IL University – Carbondale Alumni Association			
Southern IL University – Carbondale Foundation			
Southern IL University – Edwardsville Alumni Association			
Southern IL University – Edwardsville Foundation			
Southern IL University – Physicians & Surgeons, Inc.			
Southern IL University – University Park			
Southwestern Illinois Development Authority			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
State Appellate Defender			
State Board of Education			
State Employees' Retirement System			
State Fire Marshal			
State Police Merit Board			
State's Attorney's Appellate Prosecutor			
Statewide Single Audit			
Teachers' Retirement System			
Treasurer – College Savings Pool			
Treasurer – Fiscal Officer			
Treasurer – Illinois Funds			
Universities Retirement System			
University of Illinois			
University of Illinois Alumni Association			
University of Illinois Foundation			
University of Illinois – Chicago HMO			
University of Illinois – Prairieland Energy, Inc.			
University of Illinois – Wolcott, Wood & Taylor, Inc.			
Western Illinois University			
Western Illinois University Foundation			

INFORMATION SYSTEMS AUDITS

These audits are components of each agency's regularly scheduled financial and compliance audit for the period ending June 30, 2000.

<i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2001</i>	
•	Chicago State University
•	Comptroller
•	Department on Aging
•	Department of Central Management Services
•	Department of Central Management Services - BCCS 3 rd Party Review
•	Department of Children and Family Services
•	Department of Corrections
•	Department of the Lottery
•	Department of Natural Resources
•	Department of Public Aid
•	Department of State Police
•	Department of Veteran Affairs – General Office
•	Environmental Protection Agency
•	Illinois Housing Development Authority
•	State Board of Education
•	Teachers' Retirement System

EMERGENCY PURCHASES

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the first quarter of Fiscal Year 2001 and it contains seventy-two filings with this Office.

CONTRACTUAL SERVICES CERTIFICATIONS

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the first quarter of Fiscal Year 2001, the Auditor General received one certification from the Legislative Reference Bureau stating that the agency would contract with an individual who retired from State service and that the individual possesses unique expertise essential to the agency.

Copies of this certification and others received in previous quarters are on file in our Office.

CHICAGO AIRPORT LAWSUIT

Public Act 89-386 was signed into law in August of 1995. That Act requires the Auditor General to conduct a management and compliance audit of the operation of Chicago's three airports-- O'Hare, Midway and Meigs. On September 9, 1996, my Office issued a subpoena to the City of Chicago seeking to obtain certain routine documents, such as contracts, leases and operational policies and procedures, necessary to perform the audit. On that same day, the City of Chicago filed a lawsuit in Cook County Circuit Court seeking to enjoin me from carrying out the requirements of P.A. 89-386. My Office is represented in this lawsuit by the Attorney General's Office.

On July 14, 2000, the Court entered an order denying the Auditor General's Motion for Summary Judgment and granting a cross-motion filed by the City. In preparation for taking an appeal, my Office filed a Motion for Rehearing, for Clarification and For Entry of Final Order with the Circuit Court on August 11, 2000. That Motion was heard on September 28 and a decision is expected shortly.

Yours truly,

WILLIAM G. HOLLAND
Auditor General